

Service Date: January 20, 1982

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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IN THE MATTER of the Application of	)	UTILITY DIVISION
PACIFIC POWER & LIGHT COMPANY For	)	DOCKET NO. 81.8.70
Authority to Establish Increased	)	INTERIM ORDER NO. 4581
Rates For Electric Service.	)	

FINDINGS OF FACT

1. On August 28, 1981, the Pacific Power and Light Company (PP & L) filed with the Commission a general rate increase application. The filing was assigned Docket No. 81.8.70.

2. The application seeks an annual increase of approximately \$6,435,030. Rate schedules filed with the application reflect an average increase of approximately 38.9%.

3. On December 28, 1981, PP & L filed a motion for interim relief in the amount of \$2,927,000. This amount is equal to the annual revenue deficiency acknowledged in the prefiled testimony and exhibits submitted on behalf of the Montana Consumer Counsel.

4. Pursuant to the interim relief rule of the Commission, the cost of equity for this Interim Order is found to be 13.75%.

5. Montana Consumer Counsel witness, George Hess, increased both expense and rate base in response to a data request which pertained to the cost of the Malin transmission line. This adjustment is rejected for calculating interim relief as the Malin line is not part of a historic test year.

5. Mr. Hess increased deferred taxes by \$224,000 as a result of provisions contained in the Economic Recovery Tax Act of 1981. This adjustment is rejected for the same reason noted in Finding of Fact No. 5.

7. Mr. Hess included the Malin transmission line and 1981 additions to the Centralia and Dave Johnston mines. The Commission, in accordance with the rule for interim relief, finds

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a historic test year to be appropriate. The amounts of \$5,854,000 for the Malin line and \$73,000 for the Centralia and Dave Johnston mines are accordingly removed from rate base.

8. The Commission finds the appropriate level of interim relief to be \$1,553,000 as calculated in the following table:

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DERIVATION OF ADDITIONAL REVENUES REQUIRED TO PRODUCE 10.67% RATE OF RETURN  
MONTANA ELECTRIC OPERATIONS  
1980 Test Year  
(000)

	Pro Forma Present Rates (1)	To Eliminate Negative Tax (2)	To Produce 10.67% Return (3)	Total
Operating Revenues	\$ 21,136	\$ 431	\$ 1,122	\$ 22,689
Operating Expenses	12,495	2	5	12,502
Depreciation and Amortization	2,173			2,173
Taxes Other Than Income	1,277		1	1,278
State Income Tax	(27)	29	75	77
Federal Income Tax				
Before Inv. Tax Cr.	(184)	184	479	479
Inv. Tax Cr.			(383)	(383)
Net Federal Income Tax	\$ (184)	\$ 184	\$ 96	\$ 96
Deferred Income Tax	29			29
Income Tax Deferred In Prior Years	(85)			(85)
Investment Tax Credit Adjustment				
Deferred			383	383
Restored - Current Year			(192)	(192)
Restored - Prior Year	(26)			(26)
Net Adjustment			\$ 191	\$ 165
Operating Revenue Deduction	\$ 15,652	\$ 215	\$ 368	\$ 16,235
Net Operating Revenues	\$ 5,484	\$ 216	\$ 754	\$ 6,454
Rate Base	\$ 60,581		\$ (96)	\$ 60,485
Rate of Return	9.05%			10.67%
Total Revenue For Interim, Line 1, Columns 2 & 3	\$1,553			

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9. The Company proposes that the interim, additional revenue approved herein "be allocated among customer classes in the same relative proportions as pertained to the entire amount of the requested increase sought in the Company's original filing (as supplemented)". The Company further specifies the 4/KWH equivalent to apparently be added to each energy charge.

10. The Commission finds the Company's proposal unacceptable. The interim revenues are to be allocated to each schedule via the most recently approved LRIC cost of service study -- that found in Docket No. 6728, Order No. 4677b. Furthermore, given the interim revenue responsibilities, the interim energy rates shall be developed such that the seasonal and blocking differentials are maintained at their existing levels.

CONCLUSIONS OF LAW

1. Applicant, Pacific Power and Light Company, is a corporation providing electric service within the State of Montana, and as such, is a "public utility" within the meaning of Section 69-3-101, MCA.

2. The Montana Public Service Commission properly exercises jurisdiction over the Applicant's Montana operations pursuant to Title 69, Chapter 3, MCA.

3. Section 69-3-304, MCA, provides, in part, "The Commission may, in its discretion, temporarily approve an increase pending a hearing or final decision."

4. The rate levels and spread approved herein are a reasonable means of providing interim relief to Pacific Power and Light Company. The rebate provisions of Section 69-3-304, MCA, protect ratepayers in the event that any revenue increases authorized by this Order are found to be unjustified in the final order in this Docket.

ORDER

THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

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1. Applicant, Pacific Power and Light Company is hereby granted interim rate relief in the amount of \$1,553,000 on an annual basis to be effective for service rendered on and after January 18, 1982.

2. Interim revenues granted herein are subject to rebate should the final order in this Docket determine that a lesser increase is warranted. Such a rebate would include interest at 13.75 percent per annum as stipulated to by Pacific Power and Light Company.

DONE IN OPEN SESSION this 18th day of January, 1982, by a vote of 4 - O.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

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GORDON E. BOLLINGER, Chairman

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HOWARD L. ELLIS, Commissioner

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CLYDE JARVIS, Commissioner

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THOMAS J. SCHNEIDER, Commissioner

ATTEST:

Madeline L. Cottrill  
Commission Secretary

(SEAL)

NOTE: You may be entitled to judicial review of the final decision in this matter. If no Motion for Reconsideration is filed, judicial review may be obtained by filing a petition for review within thirty (30) days from the service of this order. If a Motion for Reconsideration is filed, a Commission order is final for purpose of appeal upon the entry of a ruling on that motion, or upon the passage of ten (10) days following the filing of that motion. cf. the Montana Administrative Procedure Act, esp. Sec. 2-4702, MCA; and Commission Rules of Practice and Procedure, esp. 38.2.4806 ARM.

Service Date: December 23, 1981

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

IN THE MATTER of the Application	)	
PACIFIC POWER & LIGHT COMPANY	)	
For Authority to Adopt New Rates	)	UTILITY DIVISION
and Charges for Electric Service	)	Docket No. 81.7.66
Furnished in the State of Montana	)	
<u>(BPA Pass Through)</u>	)	

IN THE MATTER of the Application,	)	
of PACIFIC POWER & LIGHT COMPANY	)	
For Authority to Adopt New Rates	)	UTILITY DIVISION
and Charges for Electric Service	)	Docket No. 81.8.70
Furnished in the State of Montana.	)	
<u>(General Rate Case)</u>	)	

IN THE MATTER of the Application	)	
of PACIFIC POWER & LIGHT COMPANY	)	
For Authority to Adopt New Rates	)	UTILITY DIVISION
and Charges for Electric Service.	)	Docket No. 81.9.81
<u>(Regional Power Act Exchange)</u>	)	

ORDER ALLOWING SUPPLEMENTAL PREPARED  
TESTIMONY AND EXHIBITS AND REVISING PROCEDURE

1. On December 10, 1981, Pacific Power and Light Company (Company) filed proposed testimony and exhibits supporting a revised calculation of Average System Cost and resulting Schedule 98.
2. Applicant's proposed testimony and exhibits related to Average System Cost are accepted for filing supplementary to previously filed testimony and exhibits.
3. Parties other than Applicant may propound data requests to the Applicant related to the supplemental prepared testimony and exhibits until January 4, 1982. Applicant shall have until January 18, 1982 to respond to such data requests.
4. Parties other than Applicant may file supplemental testimony and exhibits related to the Company's calculation of Average System Cost and proposed Schedule 98 up until February 1, 1982.

DONE AND DATED THIS 21st day of December, 1981

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

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GORDON E. BOLLINGER, Chairman

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HOWARD L. ELLIS, Commissioner

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CLYDE JARVIS, Commissioner

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THOMAS J. SCHNEIDER, Commissioner

ATTEST:

Madeline L. Cottrill  
Commission Secretary

(SEAL)

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